



The voice of mid-size communications companies

December 1, 2016

Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: *Ex Parte* Communication: MD Docket No. 16-166

Dear Ms. Dortch:

On November 30, 2016, Jeb Benedict of CenturyLink, Mike Saperstein of Frontier, and Genny Morelli and the undersigned representing ITTA met with Tom Buckley of the Office of Managing Director and Mika Savir of the Enforcement Bureau regarding the Commission's annual assessment and collection of regulatory fees. Roland Helvajian of the Office of Managing Director participated by phone.

We discussed the disproportionate regulatory fee burden borne by wireline voice providers and their customers and the need for the Commission to adjust its regulatory fee structure to ensure that regulatory fees are applied in a competitively neutral manner that correlates to industry trends and the Commission's current workload.¹ We expressed our continued support for the Commission to address this problem by combining wireless voice providers into the ITSP regulatory fee category so that all voice providers pay regulatory fees associated with the work of the Wireline Competition Bureau on the same basis. There is clear precedent for the Commission to adopt this approach, similar to how it combined interconnected VoIP,² IPTV,³ and DBS providers⁴ into additional fee categories in recognition of the work

¹ Just yesterday, the Commission released its most recent Voice Telephone Services Report, showing, right up front, that as of year-end 2015, of 458 million retail voice telephone service connections in total, there was a *combined* total of 124 million end-user switched access lines in service and interconnected VoIP subscriptions – both paying regulatory fees at the ITSP rate – compared to 335 million mobile subscriptions. Moreover, from December 2012 through December 2015, mobile voice subscriptions increased at a rate of 3 percent annually, while retail switched access lines declined at a rate of 12 percent annually. See FCC, Voice Telephone Services: Status as of December 31, 2015 at 2 (2016), http://transition.fcc.gov/Daily_Releases/Daily_Business/2016/db1130/DOC-342357A1.pdf; see also *Assessment and Collection of Regulatory Fees for Fiscal Year 2007*, Report and Order and Further Notice of Proposed Rulemaking, 22 FCC Rcd 15712, 15718, para. 15 (2007) (*FY 2007 Reg Fees Order*) (interconnected VoIP providers pay regulatory fees based on their interstate and international revenue at the same rate as ITSPs).

² See *FY 2007 Reg Fees Order*, 22 FCC Rcd at 15716-20, paras. 11-20.

³ See *Assessment and Collection of Regulatory Fees for Fiscal Year 2013; Procedures for Assessment and Collection of Regulatory Fees; Assessment and Collection of Regulatory Fees for Fiscal Year 2008*, Report and Order, 28 FCC Rcd 12351, 12362-63, paras. 32-33 (2013).

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performed by other core bureaus overseeing such entities. In addition, we discussed incremental steps the Commission might take – such as converting certain Wireline Competition Bureau direct FTEs to indirect FTEs – that could help mitigate the undue regulatory fee burden borne by wireline voice providers.

Looking ahead to the regulatory fees proceeding for Fiscal Year 2017, we expressed that such proceeding would be an appropriate time for the Commission to take a “fresh look” approach towards how it allocates wireless voice and wireline services into fee categories, in accordance with the above and ITTA’s longstanding advocacy.⁵ In fact, such an overdue approach is mandated by the Communications Act (Act). Section 9 of the Act requires the Commission to update its schedule of regulatory fees each fiscal year to ensure that the fees collected are “reasonably related to the benefits provided to the payor of the fee by the Commission’s activities.”⁶ It also requires the Commission to update its schedule of regulatory fees to “reclassify services , , , to reflect , , , changes in the nature of its services as a consequence of Commission rulemaking proceedings.”⁷ Combining wireless voice and wireline services into the ITSP category is an appropriate step for the Commission to take to comply with its Section 9 mandate and to ensure that the Commission’s regulatory fees reflect its actual costs by industry sector as the marketplace evolves.

Please do not hesitate to contact the undersigned with any questions regarding this submission.

Respectfully submitted,

/s/

Michael J. Jacobs
Vice President, Regulatory Affairs

cc: Tom Buckley
Roland Helvajian
Mika Savir

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⁴ See *Assessment and Collection of Regulatory Fees for Fiscal Year 2015; Amendment of Part 1 of the Commission’s Rules; Assessment and Collection of Regulatory Fees for Fiscal Year 2014*, Notice of Proposed Rulemaking, Report and Order, and Order, 30 FCC Rcd 5354, 5364-73, paras. 28-41.

⁵ See, e.g., Comments of ITTA, MD Docket No. 16-166 (June 20, 2016); Comments of the Independent Telephone & Telecommunications Alliance, MD Docket No. 08-65 (Sept. 25, 2008).

⁶ 47 U.S.C. § 159(b)(1)(A).

⁷ *Id.* § 159(b)(3).